

**Idaho Fish and Game Commission  
Workshop  
April 4, 2005**

**MISCELLANEOUS**

Vice Chairman John Watts called the meeting to order at 9:00 a.m. with Commissioners Irby, Power, Watts, Wheeler, Wright, and staff present. Commissioners Gibbs and Hadley were absent.

The meeting was called to get Commission direction on the remainder of the FY '05 budget and to move the Department budget forward for FY '06 and '07. The Commission also wanted to address ways to improve the Department's approach to presenting its budget to the legislature and the public.

Ray Houston, the Department's Budget Analyst with the Legislative Services Office (LSO), introduced himself and provided his perspective on what the Department can do to better meet the needs of legislators. The goal is to make the budget tell a story understandable to the average person. Mr. Houston suggested that the budget presentation to the Joint Finance and Appropriations Committee (JFAC):

- Show line items in logical order. He mentioned that this year, the fee increase priorities were shown up front ahead of other regular line items so it was difficult for the Committee to follow. He commented that JFAC has only 1.5 hours to understand the Department's budget and get the answers they are looking for.
- Show a balanced budget based on projected revenues. This year the Department's budget reflected a fee increase, but JFAC did not get a picture of what the budget would look like with no increase. The appropriation doesn't mean anything if the Department has to make cuts if it does not receive a fee increase.
- Provide easily accessible and understandable information such as the Fish and Game Facts and the Fiscal Facts booklet the LSO publishes. He suggested that the Department spend some time updating that document. Mr. Houston commented that JFAC has constituents who expect them to be engaged with the Department's budget and with the agency.
- Providing the stockholders' report to legislators prior to January. The format needs to be simple to understand and should include a one-page summary.
- Building trust and transparency so that people can see where the money is coming from and going to.

Commissioner Hadley joined the meeting at 9:07 a.m.

The Director commented that the Department's operating approach is to revert money if it isn't needed, which leads to a difference in spending authority and actual expense. Mr. Houston stated that the Department should try to narrow the difference and come back for more spending authority if necessary rather than building up a big spending authority reserve. The money

would stay in the set-aside account, but the Department would come back for more spending authority.

Mr. Houston suggested that the best place to start in building transparency and credibility is by showing clearly what the Department spent in the previous year. The Department needs to show revenues and actual expenditures and then the budget. JFAC wants to know how federal and state dollars are being used.

Larry Schlicht, Senior Financial Management Analyst with the Division of Financial Management (DFM), introduced himself. He complimented the Department on how well it follows the guidelines on budget requests and legislative proposals and on meeting deadlines promptly. Mr. Schlicht provided his input on how the Department can address budget issues and ways the Governor's office may be able to assist.

He stated that Fish & Game is unique in state government in that it is a large agency that relies on dedicated funds. The Department is not required to reflect each set aside but can commingle most dedicated and other funds in the state accounting system to create a "bucket fund." This means that the public can't see how much of a set aside is being spent and there is potential for misunderstanding or the appearance that the agency is "hiding" something. The Department has a responsibility to provide information when it is requested.

There is an option to do away with the "bucket fund" by running each account through the State Controller's office. However, this would be a lot more work, and Mr. Schlicht does not recommend that approach. The bucket fund allows flexibility, but the Department should be careful how it is used.

His suggestions for improvement included:

- Provide greater breakout of fund details in the budget request. It can be difficult to distinguish between state and non-state accounts and transfers can create confusion.
- Combine some set asides and broaden them. The Department needs to work with sportsmen, but has done this effectively for example with the upland game bird set aside.
- Provide reports and updates on issues or "sore spots" the Department is aware of, for example fleet management, land purchases, and weed control. Information on land acquisitions should also be provided up front. The public is also interested in these issues, and information could be posted on the web site.
- DFM and the Legislative Budget Office will work to improve the budget manual and address the issue of prioritizing enhancements and dealing with recurring enhancements.

Tracey Trent, Chief, Bureau of Natural Resources, pointed out that one of the challenges in budgeting is the unknown level of federal funding. Mr. Schlicht commented that unless the Department is reasonably sure of getting the money, it should not be included in cognizable funds.

Commissioners discussed SB1171 and whether that legislation stemmed from lack of transparency to the Department's budget. The Director commented that some may sense there is

not incentive for the Department to spend the money in the Depredation Fund since it reverts to the general Department fund if it isn't spent. The issue of predator control is also involved.

The Director commented that the Department needs a plan to narrow the gap between how much money is available and the spending authority level. In the past, the Department budgeted based on what was known and then brought in other funds that became available as non-cognizable, which created problems. The last few years, the Department has gone the other way anticipating what would be available, but that has generated criticism. The Department needs the Commission's direction on how to balance spending authority with cash.

Steve Barton, Assistant to the Director, clarified that the "bucket fund" for the Department includes funds 50 and 51.

Commissioners agreed on the need to prioritize projects and programs that support the objectives in the Strategic Plan and will generate goodwill with customers, legislators, and the public in general. They also discussed the need for a more long-range approach to budgeting. The Commission's commitment to the legislature was to live on the current 10 percent fee increase for two years. Commissioners will need to provide direction on what efforts to de-emphasize to ensure that there is funding for long-term commitments.

Mr. Barton provided a handout on Department funding sources, and estimated fund balances through FY '09 (Appendix 38, Exhibit 45). Discussion included what to do regarding the Budget Stabilization fund, Fleet Management, and accounts with significant balances.

### **Habitat Account (HB530) (Appendix 38, Exhibit 46)**

This account has approximately \$685,000 currently and would have an estimate \$1 million balance by the end of the fiscal year. Options discussed for spending these funds included:

- Land acquisition opportunities that are currently under consideration – Tex Creek and Red Bird Canyon. The Director explained that the Department first tries to secure easements rather than purchase land outright. However, owners are sometimes not interested in that option. Purchasing the land brings long-term operation and maintenance obligations that the Department must budget for.
- More funding for Access Yes! This program currently has approximately \$300,000 (including \$150,000 from lottery tag proceeds).
- On-the-ground habitat improvements (CRP, WMAs, etc.)

Tex Creek is an opportunity for the Department to fulfill its mission and is good investment from sportsmen perspective by providing winter range for free roaming elk and also for mule deer. If the Department does not purchase the land, it is likely that someone else will buy it and develop it. The acquisition of Redbird Canyon will enhance habitat for the state as well. Commissioners have previously recognized both Tex Creek and Red Bird Canyon as priority projects and directed staff to pursue the opportunities.

A potential solution would be to purchase the land at Tex Creek and commit to finding \$150,000-\$200,000 per year for the next 5 years to buy Redbird Canyon. This would leave

approximately \$200,000 in the habitat account to maintain flexibility and fund important opportunities as they arise. A final decision on the two land acquisitions will be discussed at a future meeting.

Commissioner concurred that it would be very helpful to have summary fact sheets on opportunities such as Tex Creek and Redbird Canyon that include pros and cons, return on investment, and long-term costs.

The Commission discussed how much is being spent on the Mule Deer Initiative (MDI). \$200,000 of the fee increase has been earmarked for the MDI, which is above and beyond what is currently being spent out of budgeted accounts. Some of the habitat account funds can be used for the project as well. In total, the Department is likely spending over \$2 million on the MDI. The Regions have been told that if they identify good projects, the Department will find funding. It is difficult to predict spending on MDI since many projects are still being developed and other projects that will benefit the MDI are already budgeted for in other areas.

The Commission also recognized long-term commitments to sage grouse and the pheasant initiative.

#### **Budget Stabilization Fund (Appendix 38, Exhibit 47)**

The Commission established the Budget Stabilization account for two reasons: 1) as an emergency savings account in the event the state has a hard winter or massive depredation problems or some other unforeseeable circumstance that necessitates refunding or not selling tags, and 2) to provide a buffer when there is a gap between revenues and expenses, i.e. a “go to” place when the Department has to live on a fee increase that doesn’t meet the increase in expenses. The Commission set the level of the account at 10% of estimated license revenue, which at the time was \$3 million.

Commissioners concurred that having the Budget Stabilization fund is necessary for all the reasons it was initially created and that a certain level should be maintained in the account.

Steve Barton provided handouts on how the Budget Stabilization account would trend over the next four years without making some cutbacks or transferring funds to the account (Appendix 38, Exhibit 48). Projections were based on some assumptions as to how the Department will spend funds.

Mr. Barton also presented information to Commissioners on moving \$1 million from the Fleet Management account into the Budget Stabilization account (Appendix 38, Exhibit 49). This would allow the Department to hold the course with the Fleet Management program and maintain about \$1.5 million in the Budget Stabilization account through FY '07.

Since implementation of Fleet Management, the Department has set the vehicle rent that is charged on federal contracts. Over the last 3-4 years those rental charges have built up the Fleet account so that it is now possible to take money out of the initial investment and still maintain the program. This helps to document that the program is a savings and is working well.

Commissioner Hadley suggested a policy change to show the target for the Budget Stabilization Account at 10% but authorizing the Department to draw the balance down to 5% as necessary. Commissioners directed staff to work on recommendations concerning the Habitat, Fleet Management, and Budget Stabilization accounts for consideration at the next meeting. They also directed staff to work on a preliminary proposal regarding a fee increase effective FY '08.

Additional agenda items for the next meeting include Commission approval of the FY '06 budget based on new expenditure direction. Commissioner Wheeler requested a discussion of set aside accounts and the depredation control account. He also requested an overview of outfitter allocations and a discussion on simplifying/changing license classifications. The workshop portion of the May meeting will be a field trip to Deseret Ranch with Thursday and ½ of Friday spent in regular meetings.

The Director concluded the budget discussion by laying out the goal to be able to track a license \$ from the time it comes in, showing its spending priority and how it was spent.

The meeting adjourned at 12:10 p.m.